

**CITY OF MORGAN HILL
JOINT SPECIAL AND REGULAR CITY COUNCIL
AND SPECIAL REDEVELOPMENT AGENCY MEETING
MINUTES – MARCH 3, 2004**

CALL TO ORDER

Mayor/Chairman/President Kennedy called the special meeting to order at 6:00 p.m.

ROLL CALL ATTENDANCE

Present: Council/Agency/Commission Members Carr, Tate; Mayor/Chairman/President Kennedy
Late: Council/Agency/Commission Members Chang (arrived at 6:09 p.m.) and Sellers (arrived at 6:05 p.m.)

DECLARATION OF POSTING OF AGENDA

City Clerk/Agency/Commission Secretary Torrez certified that the meeting's agenda was duly noticed and posted in accordance with Government Code 54954.2.

City Council and Redevelopment Agency Action

CLOSED SESSIONS:

Mayor/Chairman Kennedy announced the following closed session items:

1.

CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION

| | |
|----------------------------|---|
| Authority: | Government Code Sections 54956.9(b) & (c) |
| Number of Potential Cases: | 4 |

OPPORTUNITY FOR PUBLIC COMMENT

Mayor/Chairman Kennedy opened the Closed Session items to public comment. No comments were offered.

ADJOURN TO CLOSED SESSION

Mayor/Chairman Kennedy adjourned the meeting to Closed Session at 6:03 p.m.

RECONVENE

Mayor/Chairman/President Kennedy reconvened the meeting at 7:00 p.m.

CLOSED SESSION ANNOUNCEMENT

City Attorney/Agency Counsel Leichter announced that direction was given to initiate litigation and that the action, defendants, and other particulars shall, once formally commenced, be disclosed to any person, upon inquiry.

SILENT INVOCATION

PLEDGE OF ALLEGIANCE

At the invitation of Mayor/Chairman/President Kennedy, John Kennett led the Pledge of Allegiance.

CITY COUNCIL REPORT

Mayor Kennedy reported on the Urban Limit Line (ULL) Committee. He indicated that the Committee has been meeting for some time and that a fair amount of progress has been made in establishing an urban limit line around approximately 75% of the City. One area of particular difficulty has been the southeast quadrant/portion of the City along Tennant Avenue from Highway 101 to the east foothills. He indicated that a five member ULL Committee has been established to look at a master plan for this area. He clarified that the urban limit line can be considered as an ultimate growth limit line (e.g., 50 year growth line). He stated that the City also has an urban growth boundary line which is a 20 year line that is closer to the City limits. He felt that both lines will work in conjunction with the City's general plan as well as Measure P/Measure C, the City's residential growth control measure. He thanked the Council Subcommittee (Carr and Tate) who worked on putting Measure C together and successfully getting it passed.

CITY MANAGER REPORT

City Manager Tewes addressed perchlorate and the City's budget. He reported that the February results of the testing of all municipal wells came back at non detect level. He stated that with the passage of Proposition 57, it allows the State of California to issue approximately \$15 billion in bonds to pay for accumulating deficits in prior years, including \$4 billion in the current year. This will help balance the State's budget but this means that the State will have to pay debt service out with future budgets. The Governor has presented a budget for next fiscal year that assumed the passage of Proposition 57. He indicated that the Governor was seeking to transfer \$1.3 billion in revenue from cities and counties to the state. Because of the City's own local economy, he informed the Council that city departments are preparing budget options for Council review. He stated that it is staff's intent to bring the budget recommendation to the Council in mid-May. He said that this will be a difficult process and will present a challenge as it will have impacts on city services and city employees. At the target level of reductions of \$800,000 out of the general fund next year, there is likely to be impact on city jobs. He thanked City employees for their continued professional efforts in identifying options for Council consideration that will give the Council as many choices as possible to balance the impacts on the community and the organization. He stated that the State legislative analyst has released her evaluation of the Governor's proposal, indicating that she does not believe that it is appropriate to shift \$1.3 billion from local governments to the State by shifting property taxes. However, she has a lot of other ideas about how to take money away from local government, including some that would take away from the redevelopment agency. He stated that the next couple of months will be very important to the City's local budget and local services as the decisions being made in Sacramento will impact the City.

CITY ATTORNEY REPORT

City Attorney Leichter indicated that she did not have a report to present this evening.

OTHER REPORTS

PUBLIC COMMENT

Mayor/Chairman Kennedy opened the floor to public comments for items not appearing on this evening's agenda.

Vivian Smith stated that St. Louise Regional Hospital is pleased to announce the recruitment of Dr. Nimisha Shah, a board certified internal medicine physician. She indicated that Dr. Shah is experienced in all aspects of primary care, has had experience as an emergency room physician and was chief of staff at a hospital in Kentucky. She stated that her husband, Dr. Devang Shah, is a board certified internal medicine physician as well and that he will be joining his wife in practice after the successful growth of her practice. She addressed the services to be offered by Dr. Shah to residents in Morgan Hill. She stated that Dr. Shah is in the process of obtaining her medical staff privileges at St. Louise Regional Hospital. She encouraged everyone to schedule well visits with Dr. Shah who is anticipated to open her office as early as May 1, 2004, if all goes well.

No further comments were offered.

City Council Action

CONSENT CALENDAR:

Action: *On a motion by Council Member Tate and seconded by Mayor Pro Tempore Sellers, the City Council unanimously (5-0) **Approved** Consent Calendar Items 1-9, as follows:*

1. **REGIONAL WATER QUALITY CONTROL BOARD DIRECTION TO OLIN REGARDING TESTING FOR NORTHEAST GROUNDWATER FLOW**
Action: ***Information Only.***
2. **SUBDIVISION APPLICATION, SD-03-14: MISSION VIEW DRIVE-MISSION RANCH**
Action: ***Took No Action.** Thereby Concurring with the Planning Commission's Decision Regarding Approval of the Subdivision Map.*
3. **HOUSING REHABILITATION FOR COMMUNITY SOLUTIONS**
Action: *1. **Approved** an Additional \$45,000 Home Improvement Loan under the Agency's Housing Rehabilitation Loan Program for Community Solutions; 2) **Authorized** the City Manager to Amend a \$33,000 1994 Community Development Block Grant (CDBG) Rehabilitation Loan to Allow the Loan to be Forgiven in 10 years; 3) **Authorized** the City Manager to do Everything Necessary to Prepare and Execute Loan Documents and Amend Existing Documents.*

4. **VALLEY TRANSPORTATION PLAN, VTP 2030 LOCAL STREETS AND COUNTY ROADS PROGRAM – BUTTERFIELD BOULEVARD EXTENSION FROM TENNANT AVENUE TO WATSONVILLE ROAD**
*Action(s): 1) **Recommended** Butterfield Boulevard Extension from Tennant Avenue to Watsonville Road Project as City's VTP 2030 Local Streets and County Roads Program Project; and 2) **Committed** Future Local Funding Match with Traffic Impact Funds.*
5. **APPROVAL OF FINAL MAP FOR MORGAN LANE PHASE III (TRACT 9551)**
*Action: **Authorized** the Recordation of the Final Map Following Recordation of the Development Improvement Agreement.*
6. **AMENDMENT TO PLANNING DIVISION CONTRACT SERVICES BUDGET FOR UNANTICIPATED ENVIRONMENTAL CONSULTING SERVICES**
*Action(s): 1) **Approved** the Appropriation of \$50,000 from the Community Development Fund Balance (206) to Fund Unanticipated Environmental Consulting Services; and 2) **Authorized** the City Manager to Execute an Amended Contract in an Amount not to exceed \$50,000 with David J. Powers & Associates.*
7. **ADOPT ORDINANCE NO. 1655, NEW SERIES**
*Action: **Waived** the Reading, and **Adopted** Ordinance No. 1655, New Series, and **Declared** That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by title and Further Reading Waived; Title as Follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL ADOPTING A PRECISE DEVELOPMENT PLAN CHANGING THE ZONING FROM R2-3,500 TO R2-3,500 RPD ON A 6.6-ACRE LOT AT THE NORTHEAST CORNER OF SAN PEDRO AVENUE AND BUTTERFIELD BOULEVARD (APN 817-11-061, ZA-03-14: SAN PEDRO-DICONZA).***
8. **ADOPT ORDINANCE NO. 1656, NEW SERIES**
*Action: **Waived** the Reading, and **Adopted** Ordinance No. 1656, New Series, and **Declared** That Said Title, Which Appears on the Public Agenda, Shall be Determined to Have Been Read by title and Further Reading Waived; Title as Follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING DEVELOPMENT AGREEMENT, DA-03-11 FOR APPLICATION MP 02-07: CORY-SAN PEDRO PARTNERS. (APN 817-11-061)***
9. **MINUTES FOR SPECIAL CITY COUNCIL MEETING OF FEBRUARY 20, 2004**
*Action: **Approved** the Minutes as submitted.*

Redevelopment Agency Action

CONSENT CALENDAR:

Action: *On a motion by Agency Member Tate and seconded by Vice-chair Sellers, the Agency Board unanimously (5-0) **Approved** Consent Calendar Item 10, as follows:*

10. JANUARY 2004 FINANCE & INVESTMENT REPORT

Action: ***Accepted** and **Filed** Report.*

City Council, Redevelopment Agency and Financing Authority Action

CONSENT CALENDAR:

Action: *On a motion by Council/Agency/Commission Member Tate and seconded by Mayor Pro Tempore/Vice-chair/Vice-President Sellers, the City Council/Agency Board/Commission unanimously (5-0) **Approved** Consent Calendar Item 11, as follows:*

11. MINUTES FOR SPECIAL AND REGULAR CITY COUNCIL, SPECIAL REDEVELOPMENT AGENCY, AND MORGAN HILL FINANCING AUTHORITY MEETING OF FEBRUARY 18, 2004.

Action: ***Approved** the Minutes as Submitted.*

Action: *It was the consensus of the City Council/Redevelopment Agency **to consider** other business at this time as public hearings, by Council policy, are to be considered at/after 7:30 p.m.*

City Council Action

OTHER BUSINESS:

16. AN ORDINANCE ADDING SECTION 1.18.055 TO THE MUNICIPAL CODE DEFINING RECOVERABLE COSTS OF ABATEMENT FOR NUISANCES – Ordinance No. 1657, New Series

City Attorney Leichter presented the staff report.

Mayor Kennedy opened the floor to public comment. No comments were offered.

Action: *On a motion by Council Member Tate and seconded by Mayor Pro Tempore Sellers, the City Council unanimously (5-0) **Waived** the Reading in Full of Ordinance No. 1657, New Series, Enacting Section 1.18.055 of the Municipal Code.*

Action: *On a motion by Council Member Tate and seconded by Mayor Pro Tempore Sellers, the City Council **Introduced** Ordinance No. 1657, New Series, by Title Only as follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL ENACTING SECTION 1.18.055 (Cost of Abatement - Definition) OF CHAPTER 1.18 (Abatement of Nuisances) OF TITLE 1 (Administration) OF THE MUNICIPAL CODE OF THE CITY OF MORGAN HILL REGARDING DEFINITION OF COST OF ABATEMENT** by the following roll call vote: AYES: Carr, Chang, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.*

17. COYOTE VALLEY SPECIFIC PLAN STAKEHOLDER MEETING

Director of Community Development Bischoff presented the staff report, indicating that in August 2002, the City of San Jose agreed to proceed with the development of a specific plan for the Coyote Valley area. He stated that the City of San Jose recently hired consulting firms to assist in this effort. One of the first phases of the consultants' effort is a meeting with stakeholders. He indicated that the City of Morgan Hill has been identified as a stakeholder. He stated that staff is recommending that one or two council members participate in a meeting with representatives from the City of San Jose and their consulting team to discuss Morgan Hill's concerns regarding development in Coyote Valley. He informed the Council that the Planning Commission has appointed a couple of members to participate in this meeting. He stated that the consultants would like to wrap up stakeholders meetings by March 13, 2004.

Council Member Carr recommended that instead of appointing representatives that the Council invite the consultants to meet with the Council in a workshop as was done with the County Courthouse so that as many Council members who would like, to can participate.

Mr. Bischoff indicated that staff would make arrangements for a Council workshop if it is the Council's desire. He informed the Council that the City of San Jose has already appointed a policy advisory committee as well as a technical advisory committee to work on the Coyote Valley Plan. The City of Morgan Hill formally requested to be a member of the policy advisory committee, noting that this request was not honored by the City of San Jose. However, the City has Planning Commissioner Benich monitoring these meetings although he is not a participant. He informed the Council that staff was successful in having Associate Planner Rebecca Tolentino serving on the technical advisory committee.

Mayor Pro Tempore Sellers indicated that a 6 or 7 p.m. March 10 special meeting could be scheduled, inviting the consultants to address the Council in a workshop setting.

Mayor Kennedy and Council Members Carr, Chang, and Sellers indicated that they were available to meet on March 10.

Action: *It was the consensus of the City Council to **Direct** staff to schedule a special meeting on March 6 in order to participate in a stakeholder's meeting relating to the Coyote Valley Specific Plan.*

18. ECONOMIC DEVELOPMENT SUBCOMMITTEE (EDS) MEMBERSHIP ROTATION

Council Member Tate indicated that the EDS has awarded the police department building right to negotiate and established a direction for the downtown RFP. He felt that this would be a good time to transition the EDS membership. He clarified that it was not his desire to come off this committee but that it is a good time to do so, noting that there is interest among other council members to serve on this subcommittee. He informed the Council that the current EDS recommends that members be transitioned one at a time. Another issue to discuss is whether the current EDS would see the downtown RFP process to conclusion with new economic matters coming before the new EDS members. He felt that Council Member Carr would like to stay on the EDS to provide a transition.

Mayor Kennedy recommended a six month rotation assignment similar to what is done with the Finance & Audit Committee be undertaken. He noted that all Council members are interested in economic development and serving on this subcommittee. He felt that staggering the membership is a good thing to do and that he would support retaining Council Member Carr to keep this continuity and appointing a Council Member to replace Council Member Tate for a six month period with another Council Member coming on board after that period of time.

Council Member Sellers noted that at the end of the year, the Council will be reviewing all committees and how they are structured. He would support undertaking this rotation process and that it may end up being folded into whatever committee structure the Council comes up with at the end of the year. He stated that he would support either a three or six month rotation with the understanding that the Council may have a different structure.

Council Member Carr said that it has been his experience that the issues that the EDS have been dealing with are issues that you have to spend time on. If the Council proceeds with a three month rotation, the Council would have rotated in the middle of developing the process for the downtown RFP as well as the police station RFP. Therefore, the EDS would not have been able to complete these tasks. He noted that when this subcommittee was first put together, it was not to be a standing subcommittee but a subcommittee designed to put together the economic development strategy which has been adopted. Now that the City has the strategy in place, perhaps the tasks of this committee are not such that a three month or six month timeline could work. However, past experience demonstrates that you need some time to understand what is being discussed and to set a direction on development being undertaken.

Council Member Chang stated that she supports staggering terms every six months similar to what is done with the Finance & Audit Committee for continuity purposes.

Mayor Kennedy suggested that Council Member Carr be retained for another three months on the committee, appoint a Council Member to immediately replace Council Member Tate and another one to replace Council Member Carr at the end of three months. Rotation of membership would occur with the next council member in line to serve on the EDS.

Council Member Tate felt that serving on this committee less than six months is not conducive to getting the EDS job completed. He stated his support of a year term.

Mayor Pro Tempore Sellers indicated that the Chamber of Commerce is undertaking a process of getting their economic development component up and running. Part of their work is similar to what he has undertaken with the downtown 10-15 years ago, including organizational development. He stated that he has particular interest in this area. Therefore, he would appreciate the opportunity to serve on the EDS at this time in order to bring his background and expertise to upcoming projects to use.

Mayor Kennedy stated that he has just started serving on the Santa Clara County Cities Association's development subcommittee that is working on some of the same issues that the City is working on. He felt that there was some overlap that would be mutually beneficial. He indicated that he would also be interested in serving on this subcommittee as soon as possible.

Council Member Chang supported Council Member Sellers and Mayor Kennedy serving the first rotations and that she would await her rotation.

Mayor Kennedy indicated that he would replace Council Member Tate on the EDS. Mayor Pro Tempore Sellers is to replace Council Member Carr in three months. Council Member Chang would serve on the EDS once his rotation concluded in six months.

Council Member Carr inquired whether the EDS would need to schedule set meetings and be an agendaized subcommittee.

City Attorney Leichter said that in her discussions with the City Clerk, it has been brought to her attention that the EDS has a fairly regular meeting schedule and that it has an expanded scope of topics beyond the original intent. As the EDS is becoming a general subject matter jurisdictional subcommittee, it probably subjects the EDS to the Brown Act.

Mayor Pro Tempore Sellers inquired whether subjecting the EDS to the Brown Act would impede actions. He further inquired whether the EDS had any other concerns regarding being subject to the Brown Act.

Council Member Carr indicated that information brought to the EDS is usually proprietary in nature.

In response to Mayor Kennedy's question, City Attorney Leichter indicated that the Mayor can appoint an ad hoc committee for an interim period. She said that an ad hoc committee would make it less likely to subject meetings to the Brown Act.

Action: *On a motion by Mayor Pro Tempore Sellers and seconded by Council Member Tate, the City Council unanimously (5-0) **Approved** the Mayor's Rotation Appointment to the Economic Development "Ad Hoc Committee."*

City Council Action

PUBLIC HEARINGS:

12. DEVELOPMENT AGREEMENT APPLICATION, DA-03-13: MISSION VIEW DRIVE-MISSION RANCH – *Ordinance No. 1658, New Series*

Director of Community Development Bischoff presented the staff report, noting an error located on page 139 of the agenda packet, paragraph 14(i)(xiii). He indicated that this paragraph talks about establishing walkways beyond the limits of the project. He informed the Council that there are two other projects that are owned by the same developer that have made similar commitments. It is staff's recommendation that the wording contained in subparagraph xiii be consistent with the wording contained in the other development agreements to read as follows: "Install paved walkway to Live Oak High School as part of the joint commitment with Coyote Estates and the El Conte projects." He indicated that the three projects jointly agreed to install walkways as part of the Measure P applications.

Mayor Kennedy opened the public hearing. Dick Oliver, representing the applicant, indicated that he would answer any questions the Council may have. No further comments being offered, the public hearing was closed.

Action: *On a motion by Council Member Tate and seconded by Mayor Pro Tempore Sellers, the City Council unanimously (5-0) **Waived** the Reading in Full of Ordinance No. 1658, New Series.*

Action: *On a motion by Council Member Tate and seconded by Mayor Pro Tempore Sellers, the City Council **Introduced** Ordinance No. 1658, New Series, by Title Only, as follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING DEVELOPMENT AGREEMENT APPLICATION DA-03-13 FOR APPLICATION MP 02-15: MISSION VIEW DRIVE-MISSION RANCH (APN 728-32-008 & 009) [amending paragraph 14(i)(xiii) of the development agreement as recommended by staff]** by the following roll call vote: AYES: Carr, Chang, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.*

13. ANNEXATION APPLICATION, ANX-01-01: CAMPOLI-COX – *Resolution No. 5771*

Community Development Director Bischoff presented the staff report.

Mayor Kennedy opened the public hearing. No comments being offered, the public hearing was closed.

Action: *On a motion by Council Member Tate and seconded by Mayor Pro Tempore Sellers, the City Council unanimously (5-0) **Adopted** the Resolution No. 5771, for Annexation.*

14. ZONING AMENDMENT, ZA-03-15; SUBDIVISION, SD-03-13; DEVELOPMENT AGREEMENT, DA-03-12: PEET-LUPINE – *Ordinance Nos. 1659 and 1660, New Series and Resolution No. 5772*

Community Development Director Bischoff presented the staff report, indicating that this is the first phase of a 90-unit development project. He stated that this first phase is 38-units awarded allocations under the 2002 Measure P competition and would be developed over three fiscal years beginning in 2004-05. He indicated that the subdivision map was reviewed by the Planning Commission in January 2004 and that there was at least one neighbor who spoke to the Commission, addressing concerns regarding the subdivision relating to the sound wall proposed along Cochrane Road/Peet Road; widening of Cochrane Road to collector street standards; and the connection of one of the interior roadways to Cochrane Road. He stated that in hearing these concerns, the Commission agreed that the sound walls, proposed to be masonry material, could be constructed of wood in order to keep the feel of the area. He noted that Cochrane Road has been designated as a collector street in the City's general plan for at least 15 years and that the Commission felt, given the amount of traffic expected to be on that street, that the collector street was appropriate. He indicated that the adjacent neighbors' concern regarding the interior roadway connection to Cochrane Road had to do with safety and the traffic going to and from the dam/County park to the east and the turning movements out of the subdivision. He stated that public works staff spoke at the Planning Commission meeting, indicating that they felt that a center refuge lane could be provided and that this would ensure safety of this area. Since that meeting, staff has discussed the possibility of closing the connecting road. He said that the neighbors do not want the interior road to Cochrane Road and requested that a cul de sac be installed. Both police and fire departments oppose this alternative. He said that the police department believes that having the road open provides for better patrol circulation and that the fire department expressed concern regarding access. If the cul de sac concept is to be approved, it was recommended that turf block or another alternative be installed to allow fire trucks to go over them. In staff's discussion with the fire department, they have indicated that they would not use a cul de sac with turf blocks and would be forced to access the subdivision through the entrance off of Peet. The fire department expressed concern that using the Peet Road entrance would delay fire response. They only saw the use of turf block if there was a blockage and that they needed a way to get people out in a slower, organized manner. He indicated that the Planning Commission recommends Council approval with the modification that the sound wall be made of wood as opposed to masonry. He noted that a letter from the neighbors has been included in the Council's packet expressing concerns.

Mayor Pro Tempore Sellers noted that one of the neighbors addressed the number of trees that are anticipated to be removed based on the addition of the interior street connecting to Cochrane Road.

Mr. Bischoff indicated that the property once contained a walnut orchard and that there is an existing row of walnut trees that would be located within the right of way on Cochrane Road and that these trees would be removed to widen Cochrane Road. He indicated that a wide landscaped area will be installed and that the walnut trees to be removed would be replaced with other trees. He indicated that Cochrane Road is identified as a collector street in the City's general plan and that it is still necessary to designate it as a collector street after the widening of Highway 101 and Butterfield Boulevard. He noted that this proposed subdivision has a street stubbed with the anticipating that at some point in time, the adjacent property would develop.

Mayor Kennedy opened the public hearing.

Dick Oliver, representing the applicant, indicated that as a developer, he would like to do what is best for the community and as directed by the Council with regards to this particular project. He indicated that he would prefer to install a cul de sac. He stated that the adjacent vacant parcel was annexed into the City at the time the property under discussion was annexed at the request of the City. He indicated that the adjacent parcel is not yet ready to develop and that it was his belief that it would develop within five years. He stated that build out of the project is 90 units and identified the timeline for build out. He indicated that future Measure P allocations could take anywhere from 3-10 years to build out. He clarified that he has 32 allotments approved to date. He said that his preference would be to install a cul de sac as it would provide good internal circulation. He did not believe that it would be good to have individuals coming in and out of the subdivision for safety reasons. He stated that he wants to be a good neighbor with individuals who have lived in the area for many years.

John Kennett informed the Council that a neighborhood meeting was held following the planning commission meeting. He said that at the planning commission meeting, he requested that the commission consider the installation of wood fences. However, it was the consensus of the neighbors that a solid sound wall be considered. He said that the neighbors are not fighting the widening of the road or the removal of the trees on the south side. However, the neighbors strongly object to what they believe will be a dangerous new intersection. He requested that the Council approve the site map with a third street as a temporary exit until the subdivision connects to Saint Marks and/or Saint Catherine at which time the through street would be converted to a cul de sac. He felt that the lack of speed posting is evident in the speed of vehicles traveling back and forth. He noted that staff is recommending a turn out and that he did not believe that a turn out makes a dangerous intersection safer. Another alternative is to funnel traffic to a controlled intersection at Peet Road. He said that the general plan talks about preserving the rural character wherever possible and that the neighbors believe that this is an area where this is possible. The neighbors believe that their proposal would be much safer for the residents of the subdivision, for those who already reside in the neighborhood and individuals who use Lake Anderson and the County park. He requested Council support of the one change to the subdivision map. He said that although the planning commission did not go along with all of adjacent neighbors' recommendation, he felt that they had a thoughtful discussion and was considerate of the neighbors' concerns.

Tom Dytko stated that he supported the comments as expressed by Mr. Kennett. He indicated that he is new to the area, relocating from Fremont. He stated that he moved away from areas of walls to this rural area. If Cochrane Road is to be widened, it would take away the reason he relocated to Morgan Hill. He did not know what traffic is being collected to cause the widening of the road, resulting in the elimination of the rural nature of the area. He informed the Council that traffic speeds out of the Boys Ranch to Peet Road is excessive. You also see speeding coming from traffic using the dam and the County park. He requested that the street be installed as a cul de sac.

Mr. Kennett stated that ultimately, if a turn out is to be installed and the road has to be widened, 10-12 years worth of 40-50 trees would need to be removed from his side of the street.

No further comments being offered, the public hearing was closed.

Council Member Carr noted that Mr. Oliver agreed to install a wooden fence or masonry sound wall. Therefore, it would be easy to revert back to a masonry wall.

Deputy Director of Public Works Bjarke stated that staff does not believe that the trees on the north side of Cochrane Road would need to be removed to build the improvements that would be required with Mr. Oliver's subdivision. Staff has looked at the street width and concluded that a common left turning lane could be installed that would not require the removal of the trees on the north side of Cochrane Road.

Council Member Tate recommended that the Council proceed with the notion that either in phase IV or when the adjacent property develops, the road would be closed to a cul de sac.

City Manager Tewes said that designing a subdivision is both a science (traffic engineering) and an art (marketing subdivisions). It was his understanding that the recommendations from the neighbors is that the opening onto Cochrane, as shown on the map, be a temporary opening until such time as further connections are made. He felt that it would be appropriate for the Council to review the opening at such time that future connections are proposed. He did not believe that it would be prudent to make a decision about future connections this evening.

Mr. Oliver informed the Council that he would install and open the cul de sac with asphalt and no curb until such time that the Council reviews future subdivisions.

Action: *On a motion by Council Member Tate and seconded by Mayor Pro Tempore Sellers, the City Council unanimously (5-0) **Waived** the Reading in Full of Ordinance No. 1658, New Series.*

Action: *On a motion by Council Member Tate and seconded by Mayor Pro Tempore Sellers, the City Council **Introduced** Ordinance No. 1658, New Series, by Title Only as follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A RESIDENTIAL PLANNED DEVELOPMENT AND PRECISE DEVELOPMENT PLAN FOR A 90-UNIT SINGLE-FAMILY PROJECT LOCATED AT THE NORTHEAST CORNER OF COCHRANE ROAD AND PEET ROAD (APNs 728-34-002 & -003) (ZA-03-15 PEET - LUPINE)**, as amended, by the following roll call vote: AYES: Carr, Chang, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.*

Action: *On a motion by Council Member Tate and seconded by Mayor Pro Tempore Sellers, the City Council unanimously (5-0) **Adopted** Resolution No.5772, Upholding the Planning Commission's Decision; with the following modifications: 1) installation of a masonry sound wall; 2) an open road to Cochrane be designed; and 3) the opening of the road to Cochrane is to return to the Council once subsequent subdivision(s) occur.*

Action: *On a motion by Council Member Tate and seconded by Mayor Pro Tempore Sellers, the City Council unanimously (5-0) **Waived** the Reading in Full of Ordinance No. 1659, New Series (Development Agreement).*

Action: *On a motion by Council Member Tate and seconded by Mayor Pro Tempore Sellers, the City Council **Introduced** Ordinance No. 1659, New Series, by Title Only as follows: **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORGAN HILL APPROVING A DEVELOPMENT AGREEMENT FOR APPLICATION MP-02-12: PEET – LUPINE INVESTORS/BORELLO (APNs 728-34-002 & -003) (DA-03-12: PEET - LUPINE)**, as amended, by the following roll call vote: AYES: Carr, Chang, Kennedy, Sellers, Tate; NOES: None; ABSTAIN: None; ABSENT: None.*

Mr. Oliver informed the Council that he would install a sign that states that the cul de sac could be closed in the future so that no one can come to the Council and state that they purchased their home and did not realize that the cul de sac would be closed.

Redevelopment Agency Action

OTHER BUSINESS:

15. EXCLUSIVE RIGHT TO NEGOTIATE AGREEMENT (ERN) WITH EL TORO BREWING

Director of Business Assistance and Housing Services Toy presented the staff report, indicating that on January 21, the Redevelopment Agency selected the El Toro Brewing Company as the developer to develop a restaurant/brew pub at the police station located at Main and Monterey Road. At that time, the Agency established performance milestones for an exclusive right to negotiate agreement as well as baseline business terms for this agreement. He stated that since that time, staff has met with El Toro Brewing Company representatives twice. At the last meeting, El Toro indicated that they had some concerns regarding the ERN. However, he felt that all issues have been worked out with the exception of one issue - the indemnification clause. Specifically, El Toro had some concerns about reimbursement or out of pocket costs. Staff has addressed this by indicating that the Agency can only terminate the agreement for cause and renders the reimbursement issue mute. The second issue relates to the purchase price of \$650,000. He said that it is El Toro's understanding, different from the Agency's understanding, that the \$650,000 was contingent upon the waiver of fees and permits. He stated that staff has indicated to El Toro that it qualifies for the fee exemption under the current provision of the ordinance regarding CC-R zoning in the downtown. The project would be exempt from paying impact fees. With this understanding, El Toro is comfortable with the \$650,000 purchase price. However, he said that it should be noted that El Toro believes that should the City increase the purchase price to a higher amount that they be allowed to request additional financial assistance from the Agency. He stated that it was staff's understanding, from the January 2004 meeting, that the Agency Commission indicated that the \$650,000 was the base line purchase price and that staff could negotiate a higher price if the project's economics dictated that no additional financial assistance would be requested from the Agency. He requested that the Agency Commission reaffirm staff's understanding of this provision. He

informed the Agency Commission that El Toro has indicated that they would like “dead time” when the higher price is placed on the table. He said that staff agrees that 60 days was a reasonable time period to figure out what the higher purchase price would be, if warranted.

Mr. Toy indicated that El Toro has environmental concerns accepting the property as is. He said that the solution agreed upon was that El Toro would conduct an environmental phase 2 study of the property during the ERN period. Staff is recommending that the Agency share 50% of this cost up to \$4,000 as the City would benefit from the study. Based on the findings, El Toro can decide to accept the property as is, terminate the exclusive agreement, or they can attempt to negotiate a price reduction or financial assistance from the Agency. The last issue being discussed is the indemnification language. It was his belief that this issue could be resolved.

Chairman Kennedy opened the floor to public comment.

Geno Acevedo thanked staff for all their work, indicating that they have been very professional and sensitive to his concerns. He stated that El Toro is happy where it is at this time and that it is his hope that he can move forward with this project.

No further comments were offered.

Agency Member Tate noted that staff is requesting clarification on the understanding of the increase in purchase price. He said that it was his believe that there was an aggressive assumption in the business plan of four table turns a night, giving the project a large return. He indicated that Agency Member Chang stated that if El Toro realized this kind of business plan, she questioned whether the purchase price should be higher. It was his recollection that this was the nature of the discussion and that it was not about giving additional concessions. It was more in the nature of the City participating if El Toro achieved an aggressive business plan. However, he did not know how you would incorporate this into an agreement.

Chairman Kennedy said that it was his recollection that the Agency Board talked about bringing an understanding together where the City would share in El Toro’s revenues/profits if they did better than what was expected.

Executive Director Tewes agreed that Chairman Kennedy introduced the concept of profit sharing if the project did better than anticipated. However, he did not believe that there was Agency consensus on this issue. He took the Agency’s consensus as being that the City is to get the best deal that it can. If their business is going to generate the kind of operating income that their performance suggests, the City needs to find a way to participate in this. He said that the purpose of the period of exclusive right to negotiate is one where you negotiate all items.

Agency Counsel Leichter informed the Agency Commission that an agreement has not been reached as to whether the indemnification should survive the termination of the agreement. She informed the Agency Commission that the liability does not terminate potential liability just because the agreement does. She stated that the statutory period for any liability goes beyond this. She said that an individual

could still sue over something that happened within the time period covered by the agreement. Therefore, it will be her recommendation that the City continue with this language in the agreement.

Vice-chair Sellers inquired whether Agency Counsel Leichter felt that there were legal concerns that might derail this project.

Agency Counsel Leichter felt that this was an issue where an agreement can be reached.

Agency Member Chang said that should the business turn more than four tables, the City should consider the concept of profit sharing.

Agency Member Tate said that it was his belief that staff was seeking direction from the Agency with regards to granting other concessions if they get a higher price for the building. He did not support giving additional concessions but that staff be given latitude to negotiate something similar to what Chairman Kennedy was suggesting and not couple it with concessions in other areas.

Agency Member Carr agreed with Agency Member Tate. He said that the City needs to get to the negotiation phase. He felt that the negotiation process has been dragging. The less the Agency ties hands, the better off the City would be.

Action: *On a motion by Council Member Tate and seconded by Council Member Carr, the City Council unanimously (5-0) **Accepted** the following recommendations: Staff is not to accept a purchase price less than \$650,000; directed staff to negotiate with El Toro Brewing for the timing and scope of development; and if their business plan proves to be a success, as being suggested, staff to negotiate a purchase price greater than \$650,000.*

City Council Action

19. URBAN LIMIT LINE STUDY – AMENDMENT OF CONTRACT WITH MOORE IACOFANO GOLTSMAN AND REALLOCATION OF APPROPRIATED FUNDS

Director of Community Development Bischoff presented the staff report. He informed the Council that the Urban Limit Line Committee (committee) would like to perform a more in depth implementation plan in advance of determining where the urban limit line/greenbelt should be in the southeast quadrant of the community. The committee directed staff to develop an implementation plan which would be brought before the Council for consideration. The committee further challenged staff to develop the plan in such a way that it would not add cost to the contract. The committee revised the scope of work in February 2004 and requested that staff present it to the Council for consideration. He informed the Council that the committee believes that if they have a better feel for the implications of where the line is to be drawn and how a greenbelt would be implemented outside of the line, it would make it easier for them to decide where the line should be drawn and how large the greenbelt should be. He stated that the amendment to the contract before the Council would not increase the consultant's cost but would allow the Council to use the contingency for additional staff assistance as opposed to consultant assistance.

This action would extend the timeframe for the project from June to November 2004 when the committee will ask for Council endorsement of their work, followed by the environmental process.

Mayor Kennedy indicated that the committee found that property owners were concerned that should a greenbelt line be drawn on their properties, there would be no certainty that they would be compensated for the potential designation of their property as greenbelt. He stated that Council Member Chang pushed for an effort to find a way to deal with the implementation, including such things as acquisition of easements, outright title acquisitions, etc. He indicated that Council Member Chang recommends that there be a strategy in place as well as an implementation plan so that there will be some comfort on the part of the property owners that they would be compensated should the line be drawn across their properties.

City Attorney Leichter said that it was her understanding that the imposition of a greenbelt does not require compensation nor should it be looked at as requiring compensation. She clarified that the imposition of a greenbelt would not necessitate compensation.

Council Member Chang said that this issue has not been fully addressed to date.

City Manager Tewes said that a number of alternatives would be evaluated with the scope of work. He said that there is nothing about the imposition of a greenbelt that requires compensation. He stated that the committee will look at a variety of options as there are other ways to address this issue other than compensation.

Mayor Pro Tempore Sellers said that he was the first staff person appointed to serve on the Santa Clara County Open Space Authority. Part of the scope of work was determining where it would target open space. He did not recall that the Council was going to look at flat lands and try to make harsh determinations on this particular area. He inquired whether this was an area that evolved and if so, what direction the Council can provide. The other issue is that of compensation. He did not know where the money would come from to pay for compensation as the Open Space Authority would not be a source of any significant funding. He felt that it would be disingenuous to go down this path if the Council is not sure that there will be funds available. He stated that he has a significant concern about considering compensation. He inquired whether these were issues that the committee is insisting on and the Council needs to weigh in on.

Mr. Bischoff said that there is potential conflicting language in the general plan. He said that there is one policy that talks about a separation between Morgan Hill and Gilroy. He stated that the committee dealt with the issue as to whether San Martin would be an adequate separator between the two. The committee also talked about separating urban from non urban area. There was a question as to whether San Martin was developed at such a low enough density that you do not need to be concerned about it. There was a question as to whether it was the intent of the policies to avoid a Sunnyvale-Mt. View interface where you do not know when you are leaving one community and entering into another. There was also a question of whether the City wanted something different to separate itself from San Martin. He said that the direction the committee would like to undertake is to provide a separation between Morgan Hill and San Martin. The committee was looking at flat lands and that this was their interpretation of the general plan. Regarding funding to compensate, he said that there has been a lot of

discussion about zoning and other types of regulatory techniques that can help to accomplish greenbelts. He said that there are a few property owners that sit on the committee who own land in the southeast quadrant who are concerned about regulatory techniques. The property owners feel that if their properties are to be placed in a greenbelt, they should be compensated for this. He informed the Council that there is a large sentiment in the committee that irrespective of whether the City should or shouldn't compensate property owners for not being able to develop their lands, the only way to create permanent greenbelt is to purchase their property or purchase development rights to the properties. The committee wants to look at this, noting that the committee has not looked at implementing the greenbelt to date. There is some thought amongst some of the committee members that a benefit assessment district may be a tool where all property owners could get together. A plan could be developed that identifies some properties within the area that will ultimately be developed while other properties will not. It was felt that there will be benefits that will be accrued to those who can develop, and that as a result of these benefits, the property owners should be obligated to pay for development rights to those who cannot develop. He indicated that this was conceptually identified as a possible mechanism to fund the greenbelt. He stated that there are other open space organizations that might be potential sources of funding and that part of this implementation program was to look and see what funding sources are available. If the majority of the Council does not believe that urban separation or a greenbelt in the flatland areas should be considered, it would be helpful and important for the committee to know this. If the Council is proposed to state that it is not interested in easements or fee acquisitions, it would also be important for the committee to know this fact.

Council Member Carr inquired whether the implementation plan is being thought of broadly enough that it is at one end or that it is being stated that a line be drawn, and placing that matter on the ballot; allowing the voters to decide and not deal with the issue of compensation.

Mr. Bischoff said that there has been significant discussion about compensation for individuals who have properties outside the line. There has also been discussion amongst committee members about an ultimate boundary line for growth of the City and how to make it permanent. He stated that there has been discussion about placing the issue on the ballot to make the ultimate boundary line permanent.

Mayor Kennedy said that the course that the committee is on will lead the City to a successful conclusion. He felt that the proposed implementation plan, looking at the variety of options available to process, whether it is acquiring development rights, open space easements, or acquiring lands by fee title are things that will be considered. Also, to be considered is a benefit assessment district for those who benefit from development to share in the gains. He felt that this direction would keep the City in the right course and is doable.

City Attorney Leichter reiterated that the action before the Council is to amend the consultant contract to address the implementation issues. She advised the Council to do so with the understanding that it is not stating that compensation is required at this time. This is an implementation discussion and not a compensation plan discussion.

Council Member Chang stated that she has mixed feelings about recommending this plan to the Council. She said that she has worked hard with the City Manager, Mr. Bischoff, Mayor Kennedy and committee members to identify where it wants to be. If the City goes forward with an implementation plan, she did

not know if the outcome would result in another law suit and that the property owners would be happy with the environmental group. She felt that there are two ways to look at this: 1) be optimistic and move forward with the program; or 2) leave the southeast quadrant out of the plan as the City has three sides of the mountains designated as greenbelt. Taking this action would result in returning funding to the general fund.

Mayor Kennedy said that there are several issues that the Council has been asked to address: 1) look at the southeast quadrant for possible industrial development; and 2) look at possible locations for large group assembly facilities. He said that even if the City was not to fund this effort, there was additional work that needs to be done.

Mr. Bischoff said that should the Council not approve the amended scope, the assumption would be that the existing contract remains in place and that the existing contract provides funding to look at large group assembly facilities, visual impacts, and conduct environmental review. If it is the desire of the Council not to approve this action, staff would like direction. He inquired whether it would be the expectation of the Council that staff/committee would complete the contract at the original scope as drafted or some other alternative.

Council Member Chang indicated that this is the direction that the committee wants to take and has been agreed upon. If the City is to proceed with the consultant, the City will still spend \$100,000 to finish the project. She stated that it is the committee's recommendation to take a different approach, changing the scope of work.

Council Member Tate indicated that he would like to understand the timeline for the committee such that there is a plan that contains certain milestones to be reached. The Council can monitor progress with identified milestones.

Mayor Kennedy recommended that staff provide council members with the timeline identified for the committee.

Mr. Bischoff indicated that amendment to the contract would extend the project to November 2004. Part of the challenge was to perform the additional work without expanding the scope of work of the consultants and trying to keep the commitment of staff time to a minimum. Staff included six meetings of the subcommittee that would look at the southeast area and four meetings of the full committee to look at the large group assembly facilities, visual impacts and wrap up other items. He said that it was the original expectation that the entire project would have been completed by now. He said that progress has been slow with the committee as there has not been a lack of healthy debate on any item. He felt that the workplan before the Council is aggressive but optimistic.

Council Member Tate stated that he understands the need for more money. What he is hearing is that three meetings could take place and that there is still not a concrete consensus being built. He inquired whether the Council could be informed of this fact so that the City does not get into an infinite number of meetings that will not bring this project to closure.

Mr. Bischoff said that staff schedules periodic updates for the City Council. What he hears Council Member Tate requesting that staff report back on a regular basis versus every three months.

Mayor Kennedy stated that there are several approaches to address this issue; one is to draw an urban limit line around the city. However, it was found that the City could not do this because members of the committee could not support because it is too risky for property owners. The committee changed the approach to focus on providing implementation measures to implement the plan. Regarding the southeast quadrant, the concept was to look at developing a master plan of what the area is to look like. However, it would not be this committee who would develop the plan as it is a major undertaking. You need to determine where the industrial, commercial, residential, and arterial would be. This is far beyond the scope of this committee. However, the committee would state that this is the mechanism to be used to provide for the greenbelt in the urban limit line in this area. He said that a master plan for this area needs to be done in order to bring this about.

Council Member Carr inquired whether there were milestones within the project or immediate questions/directions that the Council can be answering to help move the project along. He said that he keeps hearing that the discussions at the ULL meetings are very contentious. He inquired whether there were items that need to come to the Council for direction.

Mr. Bischoff said that direction from the Council regarding an urban limit line/greenbelt in the flatland areas to the south and compensation would be helpful as it could cut months off from discussions. He indicated that he could identify intermediate milestones at a later date.

Council Member Carr said that he was not informed enough about what has taken place with the ULL. He felt that the committee may be setting a direction; legislating on its own. He did not want them to work two years on a product and come back to the Council where the Council is not comfortable with the direction taken; having to vote their recommendation down or take an alternate direction. He felt that the Council may need to take a step back but that he would hate to suggest slowing the process down as it is a Council goal that is behind schedule. However, he felt that there may need to be a more in depth analysis of what has taken place to date, where the committee thinks it is heading and where the Council thinks the direction the committee should be taking; giving more specific direction before changing the scope of work and dollars.

Mayor Kennedy requested that staff agendize a presentation of the progress that has been made by the committee and what it is proposing to do in a workshop setting, if necessary.

Mayor Pro Tempore Sellers felt that reporting could be in the form of background written material. He recommended that the Council start reviewing where the committee is at. He expressed concern that the Council may be at odds with the committee. He applauded the committee's effort to take an initiative to look at other issues. However, there are costs in terms of time and money. He did not believe that the Council could approve this direction unless it has some sense that these are appropriate costs.

Mayor Kennedy encouraged Council members to attend a ULL committee meeting to get a flavor of the work being undertaken by the committee.

Council Member Carr suggested that the committee not make too many decisions and continue on its path until the Council has met to decide direction. He said that a significant amount of time is needed to review the direction of the committee and that it was his belief that the committee would be interested in attending and being active participants at the Council workshop. Unless the Council hears from committee members directly, he was not sure that the Council would get the full appreciation of their direction.

Council Member Tate stated that he wanted to understand where the committee wants to go with compensation. If this is to be the dominant distraction, it worries him that this aspect would not reach an agreement. If the Council can give direction on this specific area, it would be better in terms of establishing milestones.

Council Member Chang felt that compensation is a complicated issue. She stated that she is considering recommending excluding the southeast area of the city from the project and that the committee completes its work on the east, west and north. She said that the committee has to complete discussions on large group assembly facilities, visual impacts and view sheds. Once these discussions take place, the committee's charge is complete. If so, the City can save approximately \$100,000 without moving forward with any other issues.

Mr. Bischoff said that the City is working cooperatively with the County on large group assembly facilities and visual impacts at their request. He said that these are issues that could be addressed fairly easily. He felt that it would be beneficial to wrap up other issues, finalizing where the urban limit line and greenbelt are to be in other areas. He indicated that of the \$250,000 in the contract, there is \$60,000 in general fund money with the rest coming from the General Plan fund and a number of other funds. He was not sure if there was much savings that would come back to the general fund.

Mayor Kennedy recommended that the Council not take action on this item this evening and that it be continued until such time that the Council receives a report on what the committee has done/not done and their plans to move forward. The Council could make a decision on the recommended action at that time.

Mr. Bischoff said that if it is the overall Council's intent to encourage participation of committee members, it may be better to do so in a workshop format.

City Manager Tewes recommended that a workshop be held on March 24, 2004 to better balance the Council's workload.

Council Member Tate indicated that he would be able to participate in a future workshop via phone.

Action: *On a motion by Mayor Pro Tempore Sellers and seconded by Mayor Kennedy, the City Council unanimously (5-0) **Deferred** action to a March 24, 2004 workshop.*

20. REGULATION OF WIRELESS ANTENNAS AND OTHER TELECOMMUNICATIONS FACILITIES

Assistant to the City Manager Eulo presented the staff report.

Mayor Kennedy recommended that the City piggy back on the work that has been done by the City of Gilroy; using a lot of what the City of Gilroy has done and not reinvent the wheel as they have done an extensive amount of trail blazing in this area.

Mr. Eulo informed the Council that there are many other models that would be worth looking at such as the City of Palo Alto and the City of San Jose. He did not believe that the City wants to rely on the thinking of one community on this issue.

Mayor Pro Tempore Sellers recommended that the legislative subcommittee take a look at this issue, determine how much work would be necessary to implement and determine if there is an easier way to implement this item.

Action: *On a motion by Mayor Pro Tempore Sellers and seconded by Council Member Carr, the City Council unanimously (5-0) **Referred** this item to the Legislative Subcommittee for consideration of existing ordinances in adjacent cities and to review a scope of work.*

21. SCHEDULE DATE(S) TO INTERVIEW APPLICANTS TO FILL UPCOMING VACANCIES ON THE LIBRARY AND PARKS & RECREATION COMMISSIONS

Council Services and Records Manager Torrez informed the Council that the City has advertised and recruited to fill vacancies on the Library and Parks & Recreation Commission. This effort resulted in receipt of 3 applications to fill 5 vacancies of a 9-member Library Commissions and 3 applications to fill 4 vacancies on the Parks & Recreation Commission. Therefore, there was not a need to schedule a meeting date to interview to fill vacancies at this time. She informed the Council that a request has been made from one of the incumbent Parks and Recreation Commission that interviews be held before March 22 to accommodate a scheduled surgery.

Council Member Tate indicated that it was the Council's express intent to reduce the Library Commission make-up down to a 7-member commission. Therefore, he recommended that the 3 applicants be appointed to serve on this Commission.

Mayor Kennedy supported appointing the three applicants to serve on the Library Commission.

Ms. Torrez inquired whether the Council would like to have staff return with the applications for Council review and appointment.

Mayor Kennedy felt that the Council may wish to extend the recruitment date for the Parks and Recreation Commission to allow for sufficient number of applicants to be interviewed for appointment.

Council Services and Records Manager Torrez informed the Council that the Council amended the Master Provisions of the Municipal Code to extend the terms of Boards and Commissions until such time that vacancies are filled.

22. ORAL REPORT ON FIRE CONTRACT NEGOTIATIONS

City Manager Tewes presented a report on fire contract negotiations. He informed the Council that the City is nearing the end of a ten year agreement with the Santa Clara County Consolidated Fire Protection District. This contract expires on June 30, 2005. He indicated that a year or so ago the Council adopted a Fire Master Plan that calls for the eventual increase in staffing levels on existing engine and truck companies and the development of a new station. He noted that the City's budget forecast suggests that the City needs to make modifications on the level of services throughout the entire organization funded by the general fund. In light of all this, staff came before the Council approximately six months ago and suggested that rather than going through an extensive RFP process, based on the City's satisfactory performance of the County Fire personnel and the cost of the existing contract that staff begin discussions for extending the contract without further competitive review. The Council agreed to a series of parameters that included a desire for as much as a three year extension of this contract. When the Council established its annual goals, the Council requested that staff return on March 3, 2004 so that it could determine whether or not staff was making sufficient progress in discussions to proceed to the development of contracts or whether the City should pursue other options. He reported that within the last week, staff has made good progress and gives him confidence that both parties are working toward a mutual recommendation. He requested that the Council provide staff two more weeks to report back (March 17, 2004).

Action: *By consensus, the Council **Continued** this item for two weeks.*

FUTURE COUNCIL-INITIATED AGENDA ITEMS

Council Member Chang inquired whether the Council would be endorsing City Pack. She indicated that the Cities Association Executive Board has requested city endorsement.

Council Member Carr indicated that the Council endorsed the measure at its last meeting and that signatures are currently being gathered by the League of California Cities.

ADJOURNMENT

There being no further business, Mayor/Chairman/President Kennedy adjourned the meeting at 9:28 p.m.

MINUTES RECORDED AND PREPARED BY:

IRMA TORREZ, CITY CLERK
AGENCY/COMMISSION SECRETARY